

**REPORT OF THE AUDIT OF THE  
FORMER BULLITT COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2010**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FORMER BULLITT COUNTY SHERIFF**

**For The Year Ended  
December 31, 2010**

The Auditor of Public Accounts has completed the former Bullitt County Sheriff's audit for the year ended December 31, 2010. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$54,984 from the prior year, resulting in excess fees of \$25,743 as of December 31, 2010. Revenues increased by \$40,378 from the prior year and expenditures increased by \$95,362.

#### **Lease Agreements:**

Lease agreements totaled \$54,200 as of December 31, 2010.

#### **Deposits:**

The former Sheriff's deposits as of November 4, 2010 were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$3,692,985

The former Sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the former Sheriff's deposits in accordance with the security agreement.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Melanie Roberts, Bullitt County Judge/Executive  
The Honorable Donnie Tinnell, Former Bullitt County Sheriff  
The Honorable David Greenwell, Bullitt County Sheriff  
Members of the Bullitt County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the former Sheriff of Bullitt County, Kentucky, for the year ended December 31, 2010. This financial statement is the responsibility of the former Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the former Sheriff for the year ended December 31, 2010, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 28, 2011 on our consideration of the former Bullitt County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Melanie Roberts, Bullitt County Judge/Executive  
The Honorable Donnie Tinnell, Former Bullitt County Sheriff  
The Honorable David Greenwell, Bullitt County Sheriff  
Members of the Bullitt County Fiscal Court

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Bullitt County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

July 28, 2011



BULLITT COUNTY  
DONNIE TINNELL, FORMER SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2010

Revenues

State Grants		\$	10,000
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			118,677
State Fees For Services:			
Finance and Administration Cabinet	\$	42,008	
Transport Prisoners		18,810	
Sheriff's Security Service		110,268	
Cabinet For Health & Family Services		<u>1,570</u>	172,656
Fiscal Court			609,618
Circuit Court Clerk - Restitution			535
County Clerk - Delinquent Taxes			106,650
Commission On Taxes Collected			1,426,726
Fees Collected For Services:			
Auto Inspections		15,535	
Accident and Police Reports		6,970	
Serving Papers		185,047	
Fees Collected for Services		175	
Carrying Concealed Deadly Weapon Permits		<u>28,110</u>	235,837
Other:			
Add-On Fees		142,294	
Fingerprints		1,100	
Equitable Sharing/LMPD		6,452	
Reimbursements		11,733	
Impoundment Fee		5,081	
Bond Refund		102	
Surplus Property		9,066	
Miscellaneous		<u>892</u>	176,720
Interest Earned			60,222
Borrowed Money:			
State Advancement			<u>540,000</u>
Total Revenues			3,457,641

The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY  
 DONNIE TINNELL, FORMER SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$ 1,962,937	
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Employee Benefits-

Employer's Share Social Security	141,312	
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Employer Paid Health Insurance	155,730	
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Contracted Services-

Advertising	1,287	
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Vehicle Maintenance and Repairs	53,810	
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Materials and Supplies-

Office Materials and Supplies	21,501	
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Telephone	17,513	
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Uniforms	22,925	
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Auto Expense-

Gasoline	127,544	
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Mileage	242	
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Other Charges-

Dues	4,733	
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Postage	21,154	
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Insurance	4,285	
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Juror Expense	267	
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School/Lodging	9,530	
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Transport Prisoners	18,822	
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Miscellaneous	8,788	
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Capital Outlay-

Office Equipment	67,582	
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Patrol Equipment	41,545	
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Equipment Rental	10,800	
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Vehicles	98,119	\$ 2,790,426
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Debt Service:

State Advancement	540,000	
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Total Expenditures		\$ 3,330,426
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The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY  
DONNIE TINNELL, FORMER SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2010  
(Continued)

Net Revenues	\$ 127,215
Less: Statutory Maximum	<u>97,848</u>
Excess Fees	29,367
Less: Training Incentive Benefit	<u>3,624</u>
Excess Fees Due County for 2010	25,743
Payment to Fiscal Court - December 31, 2010	<u>25,676</u>
Balance Due Fiscal Court at Completion of Audit	<u>\$ 67</u>

The accompanying notes are an integral part of this financial statement.

BULLITT COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2010

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2010 services
- Reimbursements for 2010 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2010

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BULLITT COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2010  
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.16 percent for the first six months and 16.93 percent for the last six months.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 32.97 percent for the first six months and 33.25 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The former Bullitt County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

BULLITT COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2010  
 (Continued)

Note 3. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The former Bullitt County Sheriff did not have a deposit policy for custodial credit risk but rather followed the requirements of KRS 41.240(4). As of December 31, 2010, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of November 4, 2010, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$3,692,985

Note 4. Lease Agreements

The former Sheriff paid \$3,600 per quarter to lease a building for storage of law enforcement equipment. This lease expired as of 12/31/10.

The Sheriff's office was committed to the following lease agreements as of December 31, 2010:

Item	Monthly	Term of	Ending	Principal
Purchased	Payment	Agreement	Date	Balance
				December 31,
				2010
Software	\$ 2,000	108 months	04/10/11	\$ 8,000
Hardware	2,200	36 months	09/01/12	46,200
				<u>\$ 54,200</u>

Note 5. DARE Account

The Sheriff's office maintains an account for the deposit of donations to be used for drug abuse resistance education (DARE) activities. The balance on January 1, 2010 was \$2,085. During 2010 receipts totaled \$3,242 and disbursements were \$2,981. The balance on December 31, 2010 was \$2,346.

Note 6. Drug Confiscated Property Account

The Sheriff's office maintains an account for the deposit and disbursement of funds received as a result of property confiscated during drug-related law enforcement activities. These funds are to be expended for law enforcement purposes. The balance on January 1, 2010 was \$15,549. During 2010 receipts totaled \$13,807 and disbursements were \$14,825. The balance on December 31, 2010 was \$14,531.

BULLITT COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2010  
(Continued)

Note 7. Credit Card Account

The Sheriff's office maintains an account for tax and fee account credit card payments to the Sheriff's Office. The balance on January 1, 2010 was \$0. During 2010 receipts totaled \$106,975 and disbursements were \$106,975. The balance on December 31, 2010 was \$0.

Note 8. Employee Flower Account

The Sheriff's office maintains an account to send flowers, etc. to employees when they are seriously ill or when there has been a death in the family. The balance on January 1, 2010 was \$1,013. During 2010 receipts totaled \$911 and disbursements were \$911. The balance on December 31, 2010 was \$1,013.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Melanie Roberts, Bullitt County Judge/Executive  
The Honorable Donnie Tinnell, Former Bullitt County Sheriff  
The Honorable David Greenwell, Bullitt County Sheriff  
Members of the Bullitt County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the former Bullitt County Sheriff for the year ended December 31, 2010, and have issued our report thereon dated July 28, 2011. The former Sheriff's financial statement was prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the former Bullitt County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the former Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the former Sheriff's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the former Bullitt County Sheriff's financial statement for the year ended December 31, 2010, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Bullitt County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

July 28, 2011

